

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

22/5

2005 SENATE INDUSTRY, BUSINESS AND LABOR  
SB 2215

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2215

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date: January 19, 2005

Tape Number	Side A	Side B	Meter #
1		X	1560-end of tape
2	X		1-625
Committee Clerk Signature <i>Jerry Mutch</i>			

Minutes:

**Chairman Mutch opened the hearing on Senate Bill 2215, relating to the expansion of the uniform group insurance program. All Senators were present.**

**Senator Tim Mathern** of District 11 in Fargo introduced the bill. See written testimony.

**Senator Fairfield-** Do you feel the concern of the actuarial soundness of the program has been addressed in this bill?

**Senator Mathern-** The language in the bill does address that concern. A concern that has arisen is underwriting premiums, which is another issue. Some people think by having the risk adjusted premium is a way to exclude people. I suggest we pass the bill and make the application to ERISA (Employee Retirement Income Security Act) and test that deal. I think the bill is sound, but it requires the next step in making the application.

**Senator Krebsbach-** Have you reviewed the fiscal note for this bill? Because of the nondiscrimination clause it could add 1% to the health care plan of the state, \$5.59 per contract per month. It would be a considerable expense added to the state program.

**Senator Mathern-** No, I haven't reviewed the fiscal note. The ND PERS Board should look at that issue regarding the expense. If we can get everyone in ND into a health care plan for \$5.59 per contract per month, it would be a great thing. I think most people would not have a problem with that in helping others in getting health insurance, the burden would be shared.

**Senator Mutch-** The problem might be the present carrier of the insurance program wouldn't be interested unless the prices were raised to cover this.

**Senator Klein-** How many other states have a state owned health insurance program? Are you creating an insurance company with this bill?

**Senator Mathern-** I'm not sure about how many states have it.. We have some states that are permitting more people into state sponsored programs like Maine and Vermont. I don't believe we are creating an insurance company, we have a board that goes out to get bids to cover these people. This would be more of a partnership, a combination of private and public initiatives. Private insurance companies would still determine whether or not they would like to cover that group and by what premium.

**Senator Espegaard-** If its going to cost more money per contract, would you propose that the increase be picked up by the employer or by us?

**Senator Mathern-** If there is an increase, the state would pay the additional premium.

**Senator Espegaard-** If we didn't want this to cost the state any more, we could maybe pay 20% of the premium ourselves.

**Senator Mathern-** That would be another option for the state to subsidize the premium

**Senator Mutch-** Maybe they could establish another clientele for people to have a separate classification for rates in the system.

**Senator Ryan Taylor** testified in support of the bill.

**Senator Taylor-** I introduced a bill similar to this in the last session due to concerns I heard from constituents about the affordability of health care. I have been on both sides of the issue, having the insurance coverage as a legislator, and other times as a rancher where I have struggled to come up with the money each month for insurance. Our health insurance value under the PERS plan as legislators right now is \$488/month, and will probably increase. This bill would allow folks to buy into the PERS plan, and get the benefits of the volume purchased. This would help ND become a destination for entrepreneurs, and grow the state's economy from within. People learn to appreciate health insurance when they go through medical situations, they should not have to make the decision of not having insurance due to the state of their affairs.

**Josh Kramer** representing the North Dakota Farmer's Union appeared in support of the bill.

See written testimony.

**Senator Klein-** With 35,000 members why don't you just go out and offer affordable insurance to your members? You have a large pool and an infrastructure with a company that is currently in the insurance business. Why would you want to go outside of your own company to a state run organization, that may have an uncertain outcome?

**Josh-** Farmer's Union looks out for all North Dakotans, we want something that would benefit the majority of the state.

**Nothing-** The stats that you gave are 7 years old. Is there more recent statistics for this study?

**Josh-** The information is from the UND Center for Rural Health, where most of it is from 2003.

**Senator Heitkamp-** If this bill passes there would not be a reinvention of the wheel? There would be a base to begin with that the state has already developed.

**Josh-** It provides another option that starting farmers could take advantage of.

**Kathy Allen,** Benefits program manager with the ND Public Employees Retirement System (PERS) See written testimony from **Sparb Collins.**

**Senator Heitkamp-** Is there an additional cost passed on to the person who is getting the health insurance?

**Kathy-** As a group plan, the costs of the individuals who participate in the plan are pooled. Any type of provision we put in the plan that could increase the cost, with a potentially adverse selection would result in passing those costs on across the pool.

**Senator Heitkamp-** Have you taken a look at the uninsured in ND and how this bill could possibly help address that issue?

**Kathy-** We are commissioned with managing a group health plan for state employees that are defined in statute as being eligible for participation in this plan. We have not worked outside the confines of what we are authorized by virtue of statute.

**Chris Runge, Executive Director of the North Dakota Public Employees Association** appeared in opposition to the bill.

**Chris-** This bill would put our pool at risk for higher premiums that state employees would have to pay. It is important to look at the uninsured in our state, there are options that could bring together insurance companies as they do in Maine to make sure all of the people are covered with health insurance. I understand the need for farmers and young families to have health insurance.

However, the burden should not be placed on the PERS retirement system to cover this. I advocate the need for coverage for all North Dakotans, it just shouldn't be placed on the PERS plan.

**Senator Heitkamp-** On page 3, the board may deny coverage at the board's discretion if the risk created by the individual is undesirable for uniform insurance program. How does the board define the risk?

**Chris-** The actuarial report says that there is a risk to the entire pool of adverse selection where only those people that are the most seriously ill, will select the PERS plan for insurance.

**Senator Fairfield-** We've discussed this issue for many years, is it true that we haven't had an interim study on this issue?

**Chris-** I will have to check the legislative history about that. It would be to our state's benefit to study the model that they used in Maine, since it brings together small business, the insurance companies, and individuals to look at solutions to the uninsured problem.

**Senator Fairfield-** Is this issue important enough to the people of ND, if we made this a study that was mandated by the bill, rather than a resolution selected by legislative council?

**Chris-** Yes. The number one issue for businesses is how to provide health insurance coverage for their employees. Contract negotiations across the state is another main issue. A study bringing the people together to put forward a workable plan, would be a good outcome.

**Dan Ulmer of Blue Cross Blue Shield** answered a few questions regarding the bill.

**Senator Klein-** Has this issue been studied to a certain degree already?

**Dan-** The program in Maine is very unique as well as programs underway in other states. The main problem in this bill has to do with the fiscal note. We can't discriminate who we let in or

let out of the group, we don't underwrite anybody. There is a specific government program exemption under ERISA with this bill. If you get to Section 3, under HIPPA regulations you are discriminating who you let into the group, that's where the problem would be.

**Senator Mutch-** When it was mentioned in testimony about a 5 year agreement for the groups, is the state tied into an agreement now?

**Dan-** I'm a City Commissioner in Mandan, and we are under the PERS program. We sign a 5 year contract guaranteeing that we remain in the program for 5 years, even if we bow out we have to pay the premium for those 5 years.

**Senator Klein-** Have you looked at these issues during the interim?

**Dan-** We are studying this issue and have struggled to find a solution.

**Senator Krebsbach-** The board may use risk adjusted premiums, yet HIPPA denies that type of collection, because you can't use adverse selection. Can ERISA grant an exemption over that when it is a HIPPA requirement?

**Dan-** No, HIPPA effects ERISA as much as it effects insured products.

**Senator Krebsbach-** This legislation did go through the Employee Benefits Program Interim Committee, and did receive an unfavorable recommendation. I would like to ask the intern to provide the committee members with copies of that report.

**Senator Mathern** presented a fact sheet to committee members with uninsured statistics for the state. See attached.

**Senator Mathern-**  $\frac{3}{4}$  of the uninsured North Dakotans are self-employed or employed by someone. More than 60% work more than 40 hours a week.

Page 7

Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2215

Hearing Date January 19, 2005

**Senator Mathern** presented an amendment regarding providing coverage for members of the National Guard of ND. The intent of the amendment is to help out National Guard members who don't have health insurance once they get back from active duty.

**Senator Heitkamp**- Does this amendment take everyone out of the bill, except members of the National Guard?

**Senator Mathern**- The intent is just for the National Guard and to take everyone else out of the bill. The amendment still needs to have some work done on it.

**Senator Nething**- Why don't you introduce a separate bill on the National Guard, so those members could come in and give testimony on this issue?

**Senator Mathern**- We have a situation where if we introduce a bill regarding an impact on the ND PERS plan, it must go through the Employee Benefits Committee. The committee is currently aware of the bill.

This concluded testimony on Senate Bill 2215. No action was taken.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2215

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-26-05

Tape Number	Side A	Side B	Meter #
2		xxx	3600-3804
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: **Chairman Mutch** opened committee discussion on SB 2215. All Senators were present. SB 2215 relates to subgroups under the uniform group insurance program.

**Senator Klein** : I believe 2215 attempt to create an opportunity for other people to participate in the PERS program.

**Senator Heitkamp** moved to turn SB 2215 into a study resolution.

**Senator Fairfield** seconded.

Roll call vote: 7 yes. 0 no. 0 absent.

**Senator Heitkamp** moved a DO PASS AS AMENDED.

**Senator Fairfield** seconded.

Roll Call Vote: 4 yes. 3 no. 0 absent.

Carrier: **Senator Fairfield**

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/02/2005

Amendment to: SB 2215

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

No fiscal effect, as amended.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Sparb Collins	<b>Agency:</b>	PERS
<b>Phone Number:</b>	328-3901	<b>Date Prepared:</b>	02/02/2005

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/24/2005

**REVISION**

Bill/Resolution No.: SB 2215

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations				\$300,000		\$300,000

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill proposes to expand the eligibility of the Uniform Group Insurance Plan to temporary and permanent employees of private sector employers and uninsured private citizens. The technical review by the actuary indicates that pursuant to HIPAA the PERS plan would not be able to "apply medical underwriting and risk adjusted premiums". This means the plan would be exposed to adverse risk selection. This results when individuals or groups choose to participate in the plan based upon the knowledge that their experience is higher than average. Such additional participation will cause the groups overall premium cost to rise to cover this additional higher than average expenses. The actuary also indicates that one indication of the potential additional costs to group health plans as a result of HIPPA's impact comes from the economic impact study done by the Department of Labor and HHS. They estimated that HIPPA non-discrimination would add approximately one percent to total health plan expenditures. If this was applied to the PERS projected 2005-2007 state health premium the increase would be approximately \$5.59 per contract per month. The bill also requires that PERS get a waiver from the federal government to implement this provision. The purpose of the waiver is to allow PERS to continue to operate as a governmental plan while offering services to nongovernmental individuals. Consequently it is uncertain this bill would be implemented in 2005-2007 or 2007-2009 if passed and when any fiscal effects would accrue to the plan since it is likely that it will take a significant amount of time to develop, submit and get such a waiver proposal reviewed at the federal level. It is also uncertain that such a waiver would be granted.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

No expenditure is shown relating to the appropriation since it is uncertain how long it will take to get the necessary approvals required in Section 1 of the bill.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Section 9 of the bill provides an appropriation for implementation of the bill. No implementation activities will begin until the necessary approvals are received pursuant to Section 1 of the bill.

<b>Name:</b>	Sparb Collins	<b>Agency:</b>	PERS
<b>Phone Number:</b>	328-3901	<b>Date Prepared:</b>	01/16/2005

# FISCAL NOTE

Requested by Legislative Council

01/14/2005

Bill/Resolution No.: SB 2215

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill proposes to expand the eligibility of the Uniform Group Insurance Plan to temporary and permanent employees of private sector employers and uninsured private citizens. The technical review by the actuary indicates that pursuant to HIPAA the PERS plan would not be able to "apply medical underwriting and risk adjusted premiums". This means the plan would be exposed to adverse risk selection. This results when individuals or groups choose to participate in the plan based upon the knowledge that their experience is higher than average. Such additional participation will cause the groups overall premium cost to rise to cover this additional higher than average expenses. The actuary also indicates that one indication of the potential additional costs to group health plans as a result of HIPAA's impact comes from the economic impact study done by the Department of Labor and HHS. They estimated that HIPAA non-discrimination would add approximately one percent to total health plan expenditures. If this was applied to the PERS projected 2005-2007 state health premium the increase would be approximately \$5.59 per contract per month. The bill also requires that PERS get a waiver from the federal government to implement this provision. The purpose of the waiver is to allow PERS to continue to operate as a governmental plan while offering services to nongovernmental individuals. Consequently it is uncertain this bill would be implemented in 2005-2007 or 2007-2009 if passed and when any fiscal effects would accrue to the plan since it is likely that it will take a significant amount of time to develop, submit and get such a waiver proposal reviewed at the federal level. It is also uncertain that such a waiver would be granted.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on*

*the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Sparb Collins	<b>Agency:</b>	PERS
<b>Phone Number:</b>	328-3901	<b>Date Prepared:</b>	01/16/2005

January 12, 2005

SB 2215

PROPOSED AMENDMENTS TO 50022.0100

Page 1, line 2, replace "five" with "six"

Page 1, line 3, after "by" insert "members of the North Dakota national guard,"

Page 1, line 4, after "employers" insert a comma

Page 1, line 15, remove "and"

Page 1, line 16, after "8" insert ", and 9"

Page 2, line 8, after the first underscored comma insert "members of the North Dakota national guard."

Page 2, line 30, after "11." insert "North Dakota national guard member group medical and hospital benefits coverage.

12."

Page 2, after line 31, insert:

**"SECTION 4.** A new section to chapter 54-52.1 of the North Dakota Century Code is created and enacted as follows:

**Participation by members of the North Dakota national guard. A member of the North Dakota national guard who is a resident of this state may elect to participate in the uniform group insurance program by completing the necessary enrollment forms. The board shall provide coverage for the member, the member's spouse, and the member's dependents. For purposes of this section, "resident" means a person who has actually lived within this state or maintained a home in this state for at least six months immediately preceding the date on which the person applies to participate in the uniform group insurance plan. A person may only be a resident of one state at a time. A person participating in the uniform group insurance program under this section shall pay monthly to the board the premiums in effect for the coverage being provided. Coverage for members of the North Dakota national guard under this section is secondary and supplemental to any military health benefits coverage otherwise being provided to the member.**

Page 3, line 23, replace "4" with "5"

Page 4, line 20, remove "3."

Page 4, line 21, remove "4.", remove "and", and after "6" insert ", and 7"

Page 5, line 4, remove "4.", remove "and", and after "7" insert ", and 8"

Renumber accordingly

Date:  
Roll Call Vote #:

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2215

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Make a Study Adopt Amendment

Motion Made By Heitkamp Seconded By Fairfield

Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman	X		Senator Fairfield	X	
Senator Klein, Vice Chairman	X		Senator Heitkamp	X	
Senator Krebsbach	X				
Senator Nething	X				
Senator Espeguard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 1-26-05  
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2215

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass As Amended

Motion Made By Heitkamp Seconded By Fairfield

Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman	X		Senator Fairfield	X	
Senator Klein, Vice Chairman		X	Senator Heitkamp	X	
Senator Krebsbach		X			
Senator Nething		X			
Senator Espegard	X				

Total (Yes) 4 No 3

Absent 0

Floor Assignment Fairfield

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2215: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2215 was placed on the Sixth order on the calendar.**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study relating to the expansion of the uniform group insurance program.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE COUNCIL STUDY - UNIFORM GROUP INSURANCE PROGRAM.** The legislative council shall consider studying, during the 2005-06 interim, the feasibility and desirability of expanding the uniform group insurance program to allow participation by permanent and temporary employees of private sector employers and by any other individual who is otherwise without health insurance coverage. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

2005 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2215

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2215

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 3/3/05

Tape Number	Side A	Side B	Meter #
1		x	8.3-20.1
Committee Clerk Signature			

Minutes: SB 2215 Relating to the expansion of the uniform group insurance program.

**Chairman Haas:** We open the hearing on SB 2215. Ask the clerk to read the title, please. Thank you Senator Mathern.

**Senator Mathern-District 11-For-Testimony Attached**

**Rep. Grande:** How many times have had this through the interim?

**Senator:** We probably had versions of this four times.

**Rep. Grande:** I am looking at the brief summary and the fiscal note and the committee report from the employees benefit in front of us. It will cause the over all premium to rise to cover additional higher then average expenses. One of the things that we have tried to do as a state is pay full health coverage for our employees. I think if we expand this out, it is going to be a deterrent to our public employees.

**Senator:** The way I would see it happening, we would draft a bill, where the entire cost for the insurance the citizen would get would be paid for by that citizen. It would not spread to the state

employees and the legislatures who are also on that plan. How could we develop this so it would not be an impact on the state employees plan.

**Rep. Grande:** The cost would be shared by the person who signed into the plan, why are they not participating in a health plan on there own? Why would we want them to participate in this plan? When this plan is setup for our state employees.

**Senator:** I guess this is the best plan in the state. It is a wonderful plan and has good track record, lower cost. The goal would be how do we make these positive features available to the citizen. That would be why they would pick this plan.

**Rep. Grande:** I look at that and I understand what you are saying and I completely agree, we do have the best plan for our public employees. For me personally I have followed for four years now and I just feel like we are muddying up the water when we do that. This has been in discussion for eight years, we study this every interim. This study here is not necessary.

**Chairman Haas:** What would the affect of this be, just make North Dakota just one big HMO.

**Senator:** I think the North Dakota PERS plan is a wonderful private, public partnership. The PERS plan is bid out. I don't see it as one big HMO, I think it would meet the needs of most of our citizens.

**Rep. Meier:** Have you had a lot of citizens come forward and request this type of legislation?

**Senator:** It is one of the most challenging parts of the family, is budgeting health insurance. I get a lot of people saying, what can we do about this. UND came to the conclusion that it is one of the major issues from there work.

**Rep. Conrad:** Is it 600 or 700 dollars for each employee is that what our cost is in the PERs plan?

**Senator:** We are closer to the 450 range and it is going up closer to the 550 range.

**Rep. Conrad:** The day after I was elected, my family plan, which does not have all the benefits, went up to \$900.00, so for working people, farmers, small business people, this would be a tremendous benefit, just to have access to a insurance plan.

**Senator:** Basically every small business in North Dakota, that includes farmers and ranchers, is struggling with this issue. There are a lot of people that are going without insurance, when they go without insurance and they still get care that cost gets spread to other people who have insurance or people who have money to pay cash. I see this as an opportunity to get more people to pay into the system, which not only benefits them, but everyone else.

**Chairman Haas:** Further questions for Senator Mathern, if not, thank you very much. Is there additional testimony in favor of SB 2215.

**Tom Tuppa-National Association of Social Workers-North Dakota Chapter-**We would go in support of SB 2215. It is a study and that is all it is.

**Chairman Haas:** Further questions for Tom, if not, thank you very much Tom. Is there additional testimony on SB 2215. Is there opposition testimony on SB 2215. If not the hearing will be closed on SB 2215.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2215

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 3/11/05

Tape Number	Side A	Side B	Meter #
1		x	6.4-27.4
Committee Clerk Signature <i>Dale H. Egan</i>			

Minutes: SB 2215 Relating to the expansion of the uniform group insurance program

Discussion

**Chairman Haas:** Committee members lets look at SB 2215. Rep. Conrad has amendments.

**Rep. Conrad:** I spoke with Rep. Price about this and there were no legislative council studies related to health insurance. The result would be in line 6. We used state established, because in no way did we want to indicate that it would be state funded or even necessarily state government. Helping to establish a group health insurance program. Is there something that the state of North Dakota can do to assist business to provide insurance for there employees.

**Chairman Haas:** Rep. Conrad, on line 6, the legislative shall consider studying during the 05 and 06, the feasibility and desirability of forming a state established group health insurance program.

**Rep. Conrad:** So it is specific to health and nothing else.

**Chairman Haas:** Are you moving the amendment.

**Rep. Conrad:** Yes, I am moving the amendment.

**Chairman Haas:** We have a motion for this amendment. Is there a second, seconded by Rep. Sitte, discussion.

**Rep. Klemin:** I have a question, this is would not be a part of PERS at all, then?

**Rep. Conrad:** It could be considered, but that wouldn't be the first question that would be asked. How can we do this?

**Rep. Kasper:** We have it in current statute the opportunity for associations and similar groups to form there own groups that goes beyond that individual group. In Fargo, we have Fargo Chamber of Commerce plan, so literally hundreds of business's can pool together and be a member of the Fargo Chamber of Commerce. I believe this is moving towards a socialistic plan, I think this amendment is worse then the original bill and I would urge a do not pass on this amendment.

**Rep. Conrad:** This is just looking at an option. This is not socialism.

**Rep. Sitte:** The reason I seconded it, I know a lot of self-employed contractors and other people in town that don't have health insurance. There are others that are paying 900 dollars or more a month. I would like to hear from Rep. Kasper, you are a insurance expert, so what can I recommend to these people, I have had a lot of constituents come to me and say what can you do to help us get a pool that is going to be more reasonable. What can I tell them?

**Rep. Kasper:** We have enacted legislation in this session that allows for the sale of highly valuable health savings plans for the state of North Dakota, so you would be able to purchase a plan that might have a 5000 dollar deductible or 10,000 dollar deductible. The prices should be substantially lower then we have seen in the passed. To move towards a state established plan is

socialism, regardless what the intent of the offers are or the amendments, that is socialism. I think we need to let the market place work and see how these plans work.

**Rep. Boehning:** I to am going to resist the amendment.

**Rep. Grande:** As we look at this and talk about forming a state established health program, we had visitors from Canada and one of the big issues he discussed was the fact that their state run program, to get an MRI for knee, hip or what ever the cause might be, the wait is about ten months, to get in for surgery for a hip replacement, or knee replacement is almost three years. That type of program has not proven to fair well, I think we have a great many options for insurance in our state, it is a matter of letting the new programs take affect.

**Rep. Potter:** I am in favor of a study. I am appalled to find out how many people are without insurance in the state of North Dakota. I think the people in Grand Forks would be disappointed in me, not being willing to at least to look for possibilities.

**Rep. Klemin:** I think we are hung up on state established and I am thinking that there are some group plans that people can get into. People that don't have a group that they can't participate in, that they are informed about groups in other areas they can participate in.

**Rep. Conrad:** I am willing to change the language, Mr. Chairman to get the issues addressed.

**Chairman Haas:** Are you prepared to vote on this amendment? All in favor of the amendment signify by saying I, oppose say no, the amendment is defeated. We will have a subcommittee consisting of Rep. Conrad, Rep. Sitte and Rep. Horter. The meeting will stand adjourned.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2215

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 3/17/05

Tape Number	Side A	Side B	Meter #
3	x		21.1-27.6
Committee Clerk Signature <i>Mike H. Zygmunt</i>			

Minutes: SB 2215 Relating to the expansion of the uniform group insurance program.

Discussion and voting.

**Chairman Haas:** Rep. Conrad are you ready.

**Rep. Conrad:** Our subcommittee has communicated and we have amendments, insurance department has no problem with it and I also talked to Blue Cross Blue Shield and they thought this could be a unique study. This is something that has not been done before. We used the term House Insurance Pool, there is no taint of socialism.

**Chairman Haas:** Are you making a motion to adopt this amendment?

**Rep. Conrad:** I make a motion to adopt this amendment.

**Chairman Haas:** We have a motion to adopt this amendment, is there a second, seconded by Rep. Kasper, is there any further debate on the amendment?

**Rep. Klemin:** What would be Health Insurance Pool?

**Rep. Conrad:** Where people could join and they could possibly control there costs.

Page 2

House Government and Veterans Affairs Committee

Bill/Resolution Number SB 2215

Hearing Date 3/17/05

**Chairman Haas:** Is there further discussion on the amendment. If not all in favor of the amendment signify by saying I, oppose say no, the amendment is carried. What are your wishes on the bill. Rep. Meier moves a DO PASS AS AMENDED, is there a second, seconded by Rep. Horter, is there any further discussion on the bill as amended, if not we will have the clerk take the roll call vote on a DO PASS motion as AMENDED on SB 2215.

**VOTE: YES 14 NO 0 ABSENT 0 DO PASS AS AMENDED ON SB 2215**

**REP. CONRAD WILL CARRY THE BILL.**

**Rep. Kasper:** Let the record show Mr. Chairman, that Rep. Conrad and Rep.. Kasper were in 100 percent agreement on a bill.

**Chairman Haas:** A rarity in deed. The committee is adjourned.

Date: 3/17/05  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2215

House House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number 56022.0202

Action Taken DO PASS As Amended

Motion Made By Rep. Meier Seconded By Rep. Horter

Representatives	Yes	No	Representatives	Yes	No
Chairman C.B. Haas	✓		Rep. Bill Amerman	✓	
Bette B. Grande - Vice Chairman	✓		Rep. Kari Conrad	✓	
Rep. Randy Boehning	✓		Rep. Louise Potter	✓	
Rep. Glen Froseth	✓		Rep. Sally M. Sandvig	✓	
Rep. Pat Galvin	✓				
Rep. Stacey Horter	✓				
Rep. Jim Kasper	✓				
Rep. Lawrence R. Klemin	✓				
Rep. Lisa Meier	✓				
Rep. Margaret Sitte	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Conrad

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

SB 2215, as engrossed: Government and Veterans Affairs Committee (Rep. Haas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2215 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study relating to private sector employers securing health insurance through health insurance pools.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE COUNCIL STUDY - PRIVATE SECTOR EMPLOYERS SECURING HEALTH INSURANCE THROUGH HEALTH INSURANCE POOLS.** The legislative council shall consider studying, during the 2005-06 interim, the feasibility and desirability of private sector employers and self-employed individuals securing health insurance for permanent and temporary employees or themselves through a health insurance pool. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

2005 TESTIMONY

SB 2215

Senate Bill 2215  
Industry Business and Labor Committee  
January 19, 2005

Chairman Mutch and Members of the Senate IBL Committee,

My name is Tim Mathern. I am the Senator from District 11 in Fargo and sponsor of Senate Bill 2215 to address the problems that people in our state have in getting affordable health care coverage and to address the problem of insurance agents having fewer options of companies willing to sell health insurance in our state.

The ND PERS health care plan is a well managed program that gets better as it grows in membership. There was a time when this program just covered people working in the capital. The legislature has expanded the program through the years. It has taken in the sick and the well among us. It now covers people throughout the state from teachers, to county commissioners and park board employees. The program covers the judicial branch and executive branch of government. It covers us as legislators. Each time the program has expanded it has become more stable and competitive. The time has come to make the PERS program available to those who pay for it for us, the time has come to make it available for the North Dakota taxpayer.

The details of the bill before you are as follows:

Section 1 directs the PERS Board to apply to the federal government for exempt status under ERISA (Employee Retirement Income Security Act). If permission isn't granted we don't do it.

Section 2 defines "private sector employer" for clarification of the term used further in the bill.

Section 3 expands the mission statement of the plan to include attracting a highly qualified workforce to our state with improved health care access and quality of life.

Sections 4, 5, and 6 clarify who could now purchase health insurance through the pool. It begins with permanent employees of private sector employers. You'll see a minimum participation period of 60 months. The plan is protected from people entering the plan and pulling out prematurely. There's a reimbursement of expenses if someone does leave the plan before the 5 years are up. The board may apply underwriting requirements and risk adjusted premiums, suggestions made by actuarial

analyses to protect against adverse selection. The board may deny coverage if the risk is too great for the pool.

We see the same language for temporary employees of private sector employers and participation by private individuals. For private individuals, it requires six months of instate residence. All new participants pay monthly premiums to the board. This is not a "give away" program.

On page 4, Section 7 you'll see that local insurance agents may be authorized to sell this health plan to their customers. This is up to the discretion of the PERS Board. This idea is innovative and worthy of support in our state where independent insurance agents need other products to sell. Section 8 says we can accept grants from foundations, endowments and others with a concern for health care systems in North Dakota.

Section 9 is the appropriation for \$300,000. This money is appropriated out of moneys received by the board in the form of insurance premiums and other income. The bill is self supporting, there are no general fund demands in this bill.

Section 10 outlines an orderly implementation plan as permissions are granted.

We all know about the NDPERS health insurance plan. As Senators, we are all a part of the plan, or can be. Legislators can continue to purchase this excellent and competitive health insurance plan for the rest of their living days whether or not they stay in the legislature. We earn the benefit of health insurance as we work for the state, and afterwards, we purchase that same good health plan because we know the value of volume purchasing.

With well over 20,000 policies in the NDPERS health pool, we hold volume purchasing power. Because its been expanded to include the state's agencies, boards, schools and political subdivisions, it has become more stable and cost effective. This size helps us take in people without increasing the premiums dramatically due to individual circumstances of some coming in with health problems, after all that is the reason for insurance. We share each others burdens.

Mr. Chairman and members of the Committee, please move this bill to the floor with a do pass recommendation so we can have this discussion in the full Senate and in the House. Let us give our businesses, farms, and citizens the option to use something in place while not costing the state

any money. Let us support our state by offering the use of the ND PERS health plan which you and I benefit from.

SB2215 has been drafted to eliminate actuarial risk at the suggestion of actuarial people in past legislative sessions. It permits the plan to be bid on by established insurance carriers. It permits the product to be sold by our community insurance agents. The bill addresses issues of implementation in an orderly and conservative manner. It requires those who take advantage of the program to make a commitment for a five year period. This is a solid and well researched proposal.

I ask for a Do Pass recommendation on SB 2215. Others are here to testify as to the costs of the present PERS plan and to the needs of uninsured people in our state. After their testimony I would like to add further comment.

SB 2215  
Tim Wlathorn

SPG Quick Facts (January 18, 2005)

- Overall, 8.2% of North Dakota residents were uninsured at the time of the North Dakota Household Survey. The actual number of uninsured North Dakotans (51,920) is similar to the population of Bismarck.
- Three regions in North Dakota separated by population: an urban group (cities with a population of 16,718 or greater); a large rural group (cities with a population of 5,000 to 16,717); a small rural group (towns with a population less than 5,000). Small rural regions had a higher uninsured percentage (9.1%) when compared with urban (7.7%) and large rural (7.4%) regions.
- NDHS data indicated that the percentage of uninsured increased as household income decreased.
- When isolating adults between the ages of 18 and 64, more than 70% of those lacking health insurance made less than 200% of the federal poverty level.
- Of those that were insured, only 25.2% resided in households that reported an income of less than 200% of the federal poverty level.
- Nearly  $\frac{3}{4}$  of uninsured North Dakotans were self employed or employed by someone. More than 61% of those employed worked 40 or more hours per week.
- Nearly half of all working uninsured were employed by a firm with ten or fewer employees.
- North Dakotans between the ages of 18 and 24 have the highest uninsured percentage (15.9%) of any group.
- Nearly three-fifths of the uninsured in North Dakota are under the age of 35.
- Children under the age of 18 have an uninsured percentage of 8.1% but represent 21.9% of the uninsured.
- Young adults between the ages of 18 and 24 represent less than 10% of the population in North Dakota, yet represent 19.3% of the uninsured.
- Children living in urban areas (34.8%) are nearly twice as likely to be uninsured than children living in small rural areas (18.8%).
- Children residing in urban areas are nearly six and one-half times more likely to be uninsured than children residing in large rural areas (5.3%)
- More than 58% of the uninsured are male.
- Married (5.1%) and widowed (4.8%) North Dakotans are less likely to be uninsured when compared to separated (24.1%), living with a partner (21.9%), divorced (17.7%) and single (16.0%).
- Overall, NDHS data indicated that 77.3% of insured North Dakotans made a routine visit to the doctor in the past year compared to 56.9% of uninsured North Dakotans.

## SPG Quick Facts (January 18, 2005)

- More than one-fifth (21.6%) of uninsured North Dakotans had not made a routine visit to the doctor in more than four years.
- In North Dakota, the percentage of uninsured with a regular doctor is 58.9% compared to 76.5% for those with health insurance.
- NDHS data showed the majority of both uninsured (71.7%) and insured (82.3%) adults above the age of 17 were employed at the time of the survey.
- The unemployed were more than three times likely to be uninsured (13.0%) than insured (4.1%).
- Self-employed (22.5%) respondents were nearly twice as likely to be uninsured than those employed by someone else (12.6%).
- Females indicating they were retired and residing in rural areas are nearly twice as likely to be uninsured (13.5%) than retired males (7.7%) residing in the same region.
- Retired females in small rural areas are nearly seven times more likely to be uninsured than retired females residing in large rural areas.
- A person working at a firm with only one employee was more than five and one-half times more likely to be uninsured than a person employed by a firm with more than 500 employees (3.8%).
- The Native American (31.7%) population and North Dakotans indicating more than one race (11.5%) had the highest percentage of uninsured in the state.
- Whites (6.9%) and African Americans (1.6%) had the lowest percentage of uninsured.
- Native American children (27.7%) were four and one-half times more likely to be uninsured than white children (6.1%).
- NDHS data indicates that North Dakotans with health insurance (52.1%) are nearly three times as likely to possess dental insurance as those who are uninsured (17.6%).

North Dakota Household Survey of the Uninsured. Muus, K., Knudson, A., Cogan, M., Kruger, G. (2004). Center for Rural Health, School of Medicine and Health Sciences, University of North Dakota available at <http://www.med.und.nodak.edu/depts/rural//presentations/pdf/GHIAC7-28-04.pdf>

Kruger, Garth (2004). North Dakota's Uninsured and Uncompensated Care: Costs and Coverage Options. Policy Brief from the Center for Rural Health, School of Medicine and Health Sciences, University of North Dakota available at <http://www.med.und.nodak.edu/depts/rural/pdf/policybrief2.pdf>

*The North Dakota Household Survey was conducted for North Dakota Department of Health, under a HRSA State Planning Grant, John R. Baird, M.D. project director.*

Senate Bill 2215  
Government and Veteran Affairs  
March 3, 2005

Chairman Haas and Members of the Committee,

My name is Tim Mathern. I am the Senator from District 11 in Fargo and sponsor of Senate Bill 2215 that originally was a bill to address the problems that people in our state have in getting affordable health care coverage and to address the problem of insurance agents having fewer options of companies willing to sell health insurance in our state. The bill was amended in the Senate to make the bill a study resolution.

The ND PERS health care plan is a well managed program that gets better as it grows in membership. There was a time when this program just covered people working in the capital. The legislature has expanded the program through the years. It has taken in the sick and the well among us. It now covers people throughout the state from teachers, to county commissioners and park board employees. Each time the program has expanded it has become more stable and competitive. My thought was that the time had come to make the PERS program available to those who pay for it, the North Dakota taxpayer. The Senate thought though that it was time to study it. I am here asking that you pass 2215 as a study too.

We all know about the NDPERS health insurance plan. However there is concern about the impact on cost when making this available to the citizens and I hand out the actuarial report to give you the cause for concern. These are concerns we can address. (Note the items I have underlined to get both the positive and negative indicators.)

Mr. Chairman and members of the Committee, please move this bill to the floor with a do pass recommendation so we can have this discussion in the interim. Let us give hope to our businesses, farms, and citizens who need health insurance by looking for some options for them that they can afford.

Thank you.



October 11, 2004

Senator Karen Krebsbach  
Chair, Regulative Employee Benefits Committee  
Bismarck, North Dakota

Re: Review of Proposed Bill:  
50022.01 - Expanding the uniform group insurance program to private sector employees and uninsured individuals

Dear Senator Krebsbach

The following summarizes the above proposed bill and our analysis of its financial and compliance impact.

Overview of Proposed Bill

As proposed, this bill would expand participation in the uniform group insurance program by permitting permanent and temporary employees of private sector employers and uninsured private citizens of the State to participate in the PERS benefit plans subject to certain conditions. The bill would require federal approval to operate as a governmental plan. Private sector temporary employees and private citizens without healthy insurance coverage could enroll in the program subject to paying "risk-adjusted" premiums. In addition, there is a six-month residency requirement for private citizens. Similar bills have submitted in the last three legislative sessions.

Expected Financial Impact

**Increased Purchasing Power**

\* ~~The expansion of the PERS plan could potentially create increased purchasing power through a larger group. However, it is not clear that the PERS plan would be able to negotiate an arrangement to provide any significant cost savings over the current cost structure in the arrangement with Blue Cross and Blue Shield of North Dakota (BCBSND).~~

### Adverse Risk Selection

\* Adverse risk selection is an issue that must be considered when changing eligibility requirements. Adverse risk selection results when individuals or employer groups choose to participate in a plan based upon the knowledge that their individual or group claims will be high. These claims are generally higher than that of the average covered PERS population. The adverse selection is further fueled when individuals or groups can enter and depart from the plan without limitations. The adverse selection concerns are somewhat mitigated by the minimum participation and employer contributions adopted by the Board in the past two years. Also, the proposed bill provides for a number of additional safeguards against adverse risk selection:

- Minimum requirements as established by the PERS Board

The Board is permitted to establish minimum requirements to reduce the potential for adverse selection. These could likely follow established insurance practices such as experience rating, medical underwriting and the authority to deny coverage to private employers or individuals who exceed the risk profile of the existing PERS group. (See comments below.)

- Minimum participation period of 60 months for private sector employer groups

Eligible employer groups would be expected to participate for a minimum of 60 months. However, if a group withdraws from the plan prior to completing the 60-month period, the employer would be liable for additional premium payments to cover expenses incurred by the program exceeding the premium income received. This safeguard will make the PERS plan financially "whole" for those employers attempting to leave in a deficit position. However, this safeguard does not protect the PERS plan from the risk of premature withdrawal by better-than-average cost employers. In other words, "healthy" employer groups could leave for lower premiums elsewhere.

- Health Insurance Portability and Accountability Act (HIPAA)

With the protections described above, the proposed bill would not have a significant impact upon the PERS plan as long as it can use appropriate underwriting rules and premium adjustments to make sure that the introduction of these additional members will not increase the overall risk profile of the existing plan. The bill as written states that employers/employees/uninsured individuals may participate in the uniform group insurance program "subject to minimum requirements established by the Board." There is a question whether HIPAA would allow PERS the ability to underwrite new applicants to its plans in a manner to eliminate adverse selection.

In 1996, the federal government passed the Health Insurance Portability and Accountability Act (HIPAA). In particular, HIPAA's nondiscrimination rules severely restrict the use of medical underwriting and risk-adjusted premiums for healthcare coverage. The pertinent question is whether HIPAA would prohibit ND PERS from using medical underwriting and risk adjusted premiums when adding the new groups to the uniform group insurance program.

PERS' uniform insurance program clearly meets the HIPAA definition of a "covered entity" as a health plan. Therefore, it is subject to the non-discrimination requirements unless it qualifies for an exemption as described below.

A nonfederal governmental employer that provides self-funded group health plan coverage to its employees may elect to exempt its plan from the nondiscrimination requirements of HIPAA. However, applicability is very limited. It does not apply to either insured or self-funded plans of employers that are not governmental employers, nor to insured plans of governmental employers. An election must be completed annually. However, it is likely that this exception may not apply if ND PERS allows private sector plans into its program as permitted by the proposed bill. As noted, the exception only applies to "governmental employers."

As long as ND PERS continues to insure its health plans, it is our opinion that it must comply with HIPAA's nondiscrimination requirements. Consequently, it would not be able to "apply medical underwriting and risk-adjusted premiums" as stated in the proposed bill. Alternatively, if it decides to self-fund and allow non-governmental employees in the plan as allowed by the proposed bill, we question whether the governmental exemption would then apply.

To determine the estimated fiscal impact of not being able to medically underwrite or risk adjust new applicants would require separate actuarial analysis, which we would be pleased to do at the State's direction. However, one indication of the potential additional costs to group health plans as a result of HIPAA's impact comes from the economic impact study done by the Department of Labor and HHS. They estimated that HIPAA non-discrimination would add approximately "one percent [to] total health plan expenditures." (Federal Register, Vol. 66, No. 5, P. 1394).

#### Technical Comments

The proposed bill includes a provision for the Board to operate the group insurance program as a governmental plan provided that the Board applies to the federal government and receives exempt status under the Employee Retirement Income Security Act (ERISA) for the uniform group insurance plan.

Senator Karen Krebsbach  
August 20, 2004  
Page 4

Such a waiver would be required to allow a governmental plan to cover non-governmental entities and private citizens without losing its status as a governmental plan. It would also be required if PERS wanted to avoid HIPAA nondiscrimination rules by self-funding while allowing nongovernmental entities to participate. ERISA Section 3(32) and Internal Revenue Code Section 414(d) define a governmental plan as one established by a governmental unit for its employees. It is not clear how the Board should proceed if an ERISA "waiver" is not granted.

Finally, we have one last technical comment regarding state premium taxes. We would expect that premiums for private sector employees would not be exempt from Section 26.1-03-17NDCC. This should be clarified within the bill.

Please let me know if we can provide any additional information on this proposed bill.

Sincerely,



William F. Robinson, Jr.  
Area Vice President

cc: Sparb Collins, PERS  
Tim Robinson, FSA, GBS  
Maggie Caouette, GBS  
Joyce Postlewait, GBS

TESTIMONY OF  
SPARB COLLINS  
ON  
SENATE BILL 2215

Mr. Chairman, members of the committee my name is Sparb Collins. I am Executive Director of the North Dakota Public Employees Retirement System or PERS. I appear before you today on behalf of the PERS board and in opposition to the bill. Our concern with this bill is based upon the review of our actuary who indicates that PERS would not be able to apply medical underwriting and risk-adjusted premiums. This means that the plan will be exposed to adverse risk selection. This results when individuals or employer groups choose to participate in a plan based upon the knowledge that their individual or group claims are high. The result is the higher then average new members joining the plan cause the overall cost of the plan to rise. This means the existing members and employers such as the State of North Dakota will need to pay more premiums to subsidize this new group. If the plan could use medical underwriting and risk adjusted premiums we could put safeguards in place to prevent this from occurring. However as our actuary points we can not due to a federal law. The PERS Board is opposed to this bill because we can not protect the plan from adverse selection and it does not believe our existing members should be exposed to the possibility of these higher costs.

This bill was also reviewed by the Legislative Employee Benefits Committee and given an unfavorable recommendation. Thank you for providing me this opportunity to share our thoughts on this bill.

# North Dakota Farmers Union

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Senate Bill 2215  
Industry, Business and Labor Committee

Chairman Mutch and Members of the Senate IBL Committee,

My name is Josh Kramer; I am here representing over 35,000 members of North Dakota Farmers Union. I am here to testify in favor of Senate Bill 2215, which seeks to address the problems that people in our state have in obtaining affordable health care coverage.

- **Our policy supports allowing any North Dakota resident to buy into the state health insurance program (ND PERS).**

The members of North Dakota Farmers Union believe that this bill would be good for family farmers and ranchers and good for the state.

I would like to take a minute to cite some very important statistics that will help demonstrate just how much affordable health care is needed in our state.

This information was obtained from the *UND Center for Rural Health Care-Fact Sheet*.

[www.med.und.nodak.edu/depts/rural/pdf/issues.pdf](http://www.med.und.nodak.edu/depts/rural/pdf/issues.pdf)

### *North Dakota Health Insurance Statistics*

- There are approximately 67,000 uninsured North Dakotans.
- Approximately 14,600 uninsured children
- In 1998, 51% of North Dakotans between the ages 25-34 (young parents) were uninsured
- Three out of four uninsured are employed and one out of ten work at more than one job.
- Sixty percent (60%) of the uninsured work at firms that offer insurance only 50% were eligible to apply (mostly due to part time work status).
- North Dakota's uninsured are more likely to be employed in construction, retail, restaurants, nursing homes, and farming.

The members of North Dakota Farmers Union believe that it is important that we address the issue of the rising costs of health care before the number of the uninsured increases by even more.

The *2003 ND Adult Farm Management Statistics* indicate that there have been rising costs in health care premiums for family farmers and ranchers:

Year Average Premium

2000=\$5,338

2001= \$6,043

2002= \$6,433

2003= \$7,014

Health Care Premiums are the fastest rising cost for consumers. North Dakota Farmers Union believes that there is an important need to address this problem before the costs of health care and number of uninsured citizens in ND gets to be "out of hand."

Thank you chairman Mutch and Members of the Senate IBL Committee, I would be willing to answer any questions that you have at this time.

**REPORT OF THE LEGISLATIVE COUNCIL'S  
EMPLOYEE BENEFITS PROGRAMS COMMITTEE  
PROPOSED AMENDMENTS TO SENATE BILL NO. 2215**

**Sponsor:** Senator Tim Mathern

**Proposal:** Allows members of the North Dakota National Guard to participate in the uniform group insurance program.

**Actuarial Analysis:** None prepared.

**Committee Report:** Unfavorable recommendation.